



# DOAA

Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

March 6, 2026

Honorable Shaw Blackmon  
Chairman, House Ways and Means  
133 State Capitol  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill 1148 (LC 44 3491S)

Dear Chairman Blackmon:

The bill would amend O.C.G.A. § 48-7-29.12 relating to the conservation tax credit by expanding the individual and aggregate caps and by extending the application period through 2031. Under current law, individuals can claim a tax credit of 25 percent of the fair market value of the donated property up to \$250,000 for individual donors and \$500,000 for corporate and partnership donors. The bill would increase the cap to \$500,000 and \$1 million for individuals and corporations, respectively. The bill would also increase the aggregate cap from \$4 million to \$30 million per calendar year, and it would allow new credits to be issued on qualifying applications through December 31, 2031. The bill would be effective upon enactment.

### Impact on Revenue

Georgia State University’s Fiscal Research Center (FRC) estimated that the bill would decrease revenue as shown in Table 1. The appendix provides details of the analysis.

**Table 1. Estimated Effects of HB 1148 LC 44 3491S**

(\$ in millions)	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Low Estimate	(\$2.74)	(\$4.24)	(\$5.48)	(\$6.42)	(\$7.07)
High Estimate	(\$5.49)	(\$8.49)	(\$10.95)	(\$12.84)	(\$14.14)

### Impact on Expenditures

Three state agencies would be impacted by provisions of the bill, but only the Department of Natural Resources is estimated to incur an increase in costs.

- **Department of Revenue (DOR)** – DOR would be able to implement the bill’s provisions with existing resources.
- **State Properties Commission (SPC)** – The commission currently reviews fewer than five appraisals each year; therefore, it does not have dedicated staff or funding associated with the responsibilities that would end under the bill. As a result, we assume no reduction in expenditures at the commission as a result of the bill.
- **Department of Natural Resources (DNR)** – Assuming an increase in the number of applications due to the bill, additional annual state costs for staff, operations, and contracts would be \$466,000. Application fee revenue of \$135,000 (forwarded to the state treasury) would

equal the contract costs. Two of the employees would require trucks at a total one-time cost of \$109,000.

DNR noted that the number of applicants to the program declined with the 2013 addition of the \$5,000 application fee and the requirements that SPC review each property appraisal. There were 126 applications in 2012, 27 the year after the changes, and only two to five applications annually in recent years. Changes to the bill are expected to increase demand and the current workload. The cost estimates assume 27 applications are submitted, though the actual number could be higher or lower.

The annual costs include the following:

- *Two Biologists (\$196,800)* – Three biologists currently review applications to ensure that the donation will meet at least two conservation purposes, conversation land criteria met, and that the application includes all required elements. They also pre-certify applicants upon request, which requires additional time when the application does not move forward and the applicant does not pay the \$5,000 fee. All three must agree to approve an application.

This program is not the sole responsibility of the current three staff. An increase in applications would require two additional biologists. The biologists would ensure the current process of three reviewers per application, promote the tax credit, work with landowners on application completion (including those that do not submit a final application), and work with a grant specialist as needed to coordinate appraisal reviews.

- *Contracting for Appraisal Review (\$135,000) and Grant Specialist (\$90,500)* – DNR noted that appraisal reviews for conservation easements required specialized expertise not present in the agency. The estimate assumes a contract cost of \$5,000 per appraisal, or \$135,000 for 27 reviews. The grant specialist would coordinate the appraisal review process with the appraisers.

Respectfully,



Greg S. Griffin  
State Auditor



Richard Dunn, Director  
Office of Planning and Budget

GSG/RD/mt

### Analysis by the Fiscal Research Center

The proposed bill makes the following changes to O.C.G.A. § 48-7-29.12 relating to the conservation tax credit for donation of real property:

- Increases the annual aggregate cap from \$4 million to \$30 million for calendar years 2027–31.<sup>1</sup>
- Increases the annual credit cap from \$250,000 to \$500,000 for individuals and from \$500,000 to \$1 million for corporations.
- Increases the maximum credit per donation from the lesser of \$500,000 or 25 percent of fair-market value to the lesser of \$1,000,000 or 50 percent of fair-market value (FMV).
- Removes the State Properties Commission (SPC) review process and state-specific value misstatement penalties.
- Extends the sunset date to December 31, 2031.

As under current law, these credits are not refundable but may be carried forward for up to five years. Also as under current law, taxpayers earning credits under this code section may also transfer unutilized credits to another Georgia taxpayer but may do so only once.

Data on the previous utilization of this credit program from the Department of Revenue (DOR) was used as the basis for this estimation. Academic literature suggests that taxpayer’s conservation-based donations are highly responsive to tax policy regarding the donated property. The low and high estimated revenue impacts in Table 1 are based on a low where existing donating behavior is unchanged and a high where expected donations are assumed to rise in response to the higher credit rate proposed under this bill. Details on the data and assumptions to construct these estimates are as follows:

- **Baseline Credit Generation:** Baseline credit generation is derived from credit activity between 2016 and 2021, when the program was subject to a \$30 million aggregate cap, consistent with the current proposal. To account for the appreciation of underlying asset values, following assumptions are made:
  - **Timberland:** Data from the National Council of Real Estate Investment Fiduciaries (NCREIF) for the U.S. South (2017-2024) indicates an average annual appreciation of 5.15 percent.
  - **Farmland:** USDA historical data for Georgia farmlands (2016-2025) shows an average annual price increase of 4.39 percent.

For the purpose of this estimation, these two estimates are averaged to produce a blended annual growth rate of 4.77 percent. Each year of credit activity from 2016-2021 is inflated forward using this rate, and the resulting values are averaged to produce a Tax Year 2026 baseline credit estimate of \$3,272,155.

- The low case, with no behavioral response, doubles the credits generated per year, given the increased credit rate from 25 to 50 percent of fair market value, and grows them at the 4.77 percent rate noted above.
- The high case allows for a behavioral response based on academic research on the taxpayer response to similar policy changes that materially increased tax subsidies for conservation easement donations. Parker and Thurman (2018) estimated price elasticities of conservation

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<sup>1</sup> Lines 144-150 include apparently conflicting language in regard to the periods to which the increased cap would apply. Lines 146-148 set the current-law cap at \$4 million for the period June 1, 2022, to December 31, 2026, but lines 148-150 increase it to \$30 million “beginning on June 1, 2026 ...” We assume the cap applies on a purely calendar-year basis, thus increasing effective January 1, 2027.

easement donations ranging from -2.0 to -5.1, meaning that a one percent reduction in the after-tax cost of donating a conservation easement produces a 2.0 to 5.1 percent increase in donation activity. Georgia taxpayers’ response to previous expansion of conservation easement tax policy was included in this study and their behavioral response was consistent with the mid-point of the paper’s range of findings, or -3.55.

- The increase in the credit rate from 25 percent to 50 percent on up to \$2 million of FMV reduces the after-tax cost of the donation by one third, 75 to 50 percent of FMV. Thus, for land valued at \$2 million or less, it would be reasonable to expect an increase in donations of about 118 percent. However, because of the cap on individual credits, the increased credit rate results in a smaller percentage reduction in the after-tax donation cost for land valued in excess of \$2 million and would be expected to have a decreasing effect on behavior. For these reasons, we assume for the high case that credits generated will be twice what is projected for the low case.

Table 2 shows the low and high estimates of credits generated under the high and low scenarios.

**Table 2. Estimated Credit Generation**

(\$ in millions)	TY 2027	TY 2028	TY 2029	TY 2030	TY 2031
Low Estimate	\$6.86	\$7.18	\$7.53	\$7.88	\$8.26
High Estimate	\$13.71	\$14.37	\$15.05	\$15.77	\$16.52

According to DOR credit utilization data, approximately 96 percent of these credits each year since 2016 are claimed on personal income tax returns, including credits earned through pass-through entities. In order to claim the credit, taxpayers must obtain certification from Department of Natural Resources and attach such certification to their income tax return. Due to the time required for appraisal, DNR certification, and DOR pre-approval process, it is assumed that taxpayers will not adjust estimated tax payments during the tax year of the donation. Instead, the revenue impact is realized when final estimated payments are adjusted or returns are filed. Accordingly, credits generated in TY 2027 are assumed to impact state revenue upon filing in FY 2028.

Based on historical utilization data from DOR, 40 percent of credits are assumed to be utilized in their initial year, with 20 percent, 15 percent, 10 percent, and 5 percent utilized in the subsequent four years, respectively. Table 3 shows the low and high estimated credit utilization based on these assumptions and the credits generated summarized in table 2.

**Table 3. Estimated Credit Utilization**

(\$ millions)	TY 2027	TY 2028	TY 2029	TY 2030	TY 2031
Low Estimate	\$2.74	\$4.24	\$5.48	\$6.42	\$7.07
High Estimate	\$5.49	\$8.49	\$10.95	\$12.84	\$14.14

Finally, the federal tax savings for conservation land donations arise from taking an itemized deduction for the FMV of the donation, up to 50 percent of adjusted gross income (100 percent for qualified farmers and ranchers), but Georgia taxpayers are not allowed this credit if they have taken an itemized deduction for the donation on their federal return. Taxpayers realize greater tax savings by taking the itemized deduction than they would by qualifying for state credits when their combined federal and state marginal tax rate exceeds the effective state credit rate for their donation, so the current-law credit structure favors itemizing over taking the credit.

However, the proposed effective credit rate of up to 50 percent would generally favor taking the state credit rather than the itemized deduction, at least for modest-sized donations. An increase in credits generated can therefore be expected to result from taxpayers switching to claiming the credit rather than the itemized deduction even without a change in donation behavior.

Unfortunately, data are not available at this time on conservation land donations in Georgia for which an itemized deduction was taken instead of the state credit. Thus, while not presently quantifiable, it is possible that this tax-minimization behavior could push the amount of credits generated materially above the high case estimates.